

STATE OF WASHINGTON



OFFICE OF
INSURANCE COMMISSIONER

MARKET CONDUCT EXAMINATION REPORT

AS OF DECEMBER, 1996

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY

1295 STATE STREET

SPRINGFIELD, MA 01111-0001

BY

THE OFFICE OF THE INSURANCE COMMISSIONER

STATE OF WASHINGTON

February 4, 2000

Deborah Senn
Insurance Commissioner
Olympia, Washington 98504

Dear Commissioner Senn:

Pursuant to your instructions and in compliance with the statutory requirements of RCW 48.03.010, I have examined the corporate affairs and conduct of:

Massachusetts Mutual Life Insurance Company

1295 State Street

Springfield, MA 0111-0001

hereafter referred to as "the Company" or "Mass Mutual." This report is respectfully submitted for your review and action.

Scope of Examination

The examination was performed in compliance with the provisions of Washington insurance laws and regulations. The market conduct review followed the rules and procedures promulgated by the Office of the Insurance Commissioner (OIC) and the National Association of Insurance Commissioners (NAIC). The examination covered the period of January 1, 1992 through December 31, 1996. The examination was a target exam focused on the following areas of operations: Marketing and Sales Practices, Agent Activity, Complaints and Replacement Activity.

TABLE OF CONTENTS

PAGE	
2	SALUTATION
4	CERTIFICATION
5	FOREWORD AND SCOPE
6	HISTORY, TERRITORY OF OPERATIONS, MANAGEMENT
7	BOARD OF DIRECTORS
8	MARKETING PLAN
9	AGENT COMMUNICATIONS/TRAINING MATERIAL
10	AGENT PRODUCED MATERIAL
11	AUDITS OF AGENT ACTIVITIES
12	AGENT CONTRACTS AND COMMISSION SCHEDULES
13-14	COMPLAINT HANDLING PROCEDURES

15	DISCIPLINARY PROCEDURES
16-18	INFORCE POLICY REVIEW
19-20	THE REPLACEMENT PROCESS
21	ADVERTISING MATERIAL
22	AGENT LICENSING AND APPONTMENTS
23	INSTRUCTIONS AND RECOMMENDATIONS
24-28	APPENDICES

EXAMINATION REPORT CERTIFICATION

This examination was conducted in accordance with the Office of the Insurance Commissioner and National Association of Insurance Commissioners market conduct examination procedures. This examination was performed by Jeanne Mayer.

I certify that the foregoing is the report of the examination, that I have reviewed this report in conjunction with pertinent examination work papers, that this report meets the provisions for such reports prescribed by the Office of the Insurance Commissioner, and this report is true and correct to the best of my knowledge and belief.

Pamela Martin

Chief Market Conduct Examiner

Office of the Insurance Commissioner

State of Washington

FOREWARD

Throughout the report, where cited, RCW refers to the Revised Code of Washington, and WAC refers to Washington Administrative Code.

SCOPE

SITUS

This examination was a Level Three Target Market Conduct Examination conducted on site.

TIME FRAME

The examination covered the company's operations from the period January 1, 1992 through December 31, 1996.

METHODOLOGY

Sampling Standards

In general, the sample for each test utilized in this examination falls within the following guidelines:

92 % Confidence Level

+/- 5% Tolerance

0 % Tolerance (Agent Licensing)

MATTERS EXAMINED

The focus of the examination was the life insurance and annuity business, which encompassed the following areas of operations:

- Marketing and sales practices
- Complaints
- Agents licensing
- Replacement activity

HISTORY,
TERRITORY OF OPERATIONS,
MANAGEMENT

Massachusetts Mutual Life Insurance Company ("MassMutual") was established in 1851, and is a mutual life insurance company organized under the laws of The Commonwealth of Massachusetts. Massachusetts Mutual is licensed in the fifty states, the District of Columbia, and Puerto Rico. The company is also licensed in certain Provinces of Canada.

The Company's formal name is Massachusetts Mutual Life Insurance Company. The trade name, "MassMutual-The Blue Chip Company," was adopted following its merger with Connecticut Mutual Life Insurance Company on February 29, 1996. MassMutual became the surviving entity. On March 31, 1996, MassMutual exited the group life and health business, selling the block of business to WellPoint Health Networks Inc. ("WellPoint").

Massachusetts Mutual Life Insurance Company has two wholly owned insurance subsidiaries through which some insurance products are sold. They are MML Bay State Life Insurance Company and CM Life Insurance Company. MML Bay State Life Insurance Company is licensed in all states except New York, the District of Columbia, and Puerto Rico. CM Life Insurance Company is licensed in all states except New York and the District of Columbia. Both companies are Connecticut corporations.

Massachusetts Mutual Life Insurance Company was admitted in Washington on November 20, 1890. MassMutual has authority to sell Life, Disability, Variable Life, and Variable Annuities. As of December 31, 1996, the total premium volume in Washington was \$ 44,636,964, and the Company had 498 active agents in the State of Washington.

The company's administrative records are retained in the two Home Office locations in Springfield, Massachusetts and Hartford, Connecticut. The location of the records depends on the product issued and the original issuing company. Many products issued by Connecticut Mutual became MassMutual policies by endorsement. Records for the products originally issued by Connecticut Mutual generally are retained in Hartford (there is one exception for some annuity product computer records, which are, retained offsite). Records for the products originally issued by MassMutual are retained in Springfield. The two subsidiaries, C. M. Life Insurance Company, and MML Bay State may issue life and annuity policies in Washington and their administrative functions are combined with the administration functions of MassMutual.

A Board of Directors governs the Company and the current Board members are:

Roger G. Ackerman

James R. Birle

Gene Chao

Patricia Diaz Dennis

Anthony Downs

James L. Dunlap

William B. Ellis

Robert M. Furek

Charles K. Gifford

William N. Griggs

George B. Harvey

Barbara B. Hauptfuhrer

Sheldon B. Lubar

William B. Marx, Jr.

John F. Maypole

John J. Pajak

Thomas B. Wheeler

Alfred M. Zeien

MARKETING PLAN

The company does not have marketing plans for each of the years covered in this examination. In lieu of Marketing Plans, copies of the Company's Business Plans for the Individual Lifeline, formerly known as the Insurance and Financial Management or IFM were submitted for examination. Each plan spans a 5 year period. These plans are essentially the Company's long term goals and planning of the company. They cover corporate goals, strategic business plans, compliance, and competition in the market place, operational priorities, performance measures, and critical issues. They also included legislative and regulatory changes in addition to upcoming and ongoing industry changes. The plans did not contain any references to vanishing premium policies, replacement programs, exchange programs, or any other indicators that could be construed as possible churning activities.

-

STANDARD (1)

Marketing plan does not contain reference to vanishing premium policies, replacement programs, exchange programs or other indicators of possible churning activities.

RESULTS: The Company does meet this standard.

AGENT COMMUNICATIONS/TRAINING MATERIALS

Agents are encouraged to work through their general agent for sales ideas, but are free to contact the Home Office with questions and problems. The Company maintains toll free lines to assist agents with questions regarding sales, underwriting and customer service issues.

Recruiting, training, and supervising agents are responsibilities of the general agencies located throughout the Company's territory of operations with the exception of licensing and appointments, which are handled by the Home Office.

A review of the agent marketing and training material was performed. The Company had no formalized agent's training manual prior to December 1995. The Company disseminated information to the field force using two published newsletters called the "IFM Communicator" and "Selling Points."

"IFM Communicator's" primary function is conveying current, ongoing and upcoming information to agents, such as new products, sales tips, interest rates, approved products, and information about their peers and Home Office employees. Legislative and regulatory changes are also conveyed to agents via the IFM Communicator.

"Selling Points," was published during the examination period (1992-1996). The last issue was published February 28, 1996, the day before the merger of Massachusetts Mutual Life Insurance and Connecticut Mutual Life Insurance Company.

"Selling Points" focused primarily on sales, how to generate leads, telephone skills, time management, product comparisons and long range goal planning. Neither of the above mentioned communication vehicles included any evidence of or any encouragement to replace internal or external policies.

STANDARD (2)

Agent communications do not encourage replacement of existing internal or external policies, special funding programs, or other indicators of churning activity.

RESULTS: The company does meet this standard.

AGENT PRODUCED MATERIAL

Mass Mutual agents are authorized to use only company approved advertising and sales material with respect to individual products. However, they are allowed to produce their own advertising and sales material upon approval in writing from the Sales Materials Review Unit in the company's Compliance Division. Agents were instructed in various company publications to submit all advertising and sales material that they produced to the Compliance Division for approval prior to use. The Compliance Division assigns a tracking number and the material is logged into a tracking database. The Compliance Division then reviews the material.

-

STANDARD (3)

All agent or outside produced training materials are controlled by the company and that the Company actively audits use of these materials.

RESULTS: The company does meet this standard.

-

STANDARD (5)

Training materials for both new and existing agents in use during the examination period comply with the Washington advertising regulations.

RESULTS: The company does meet this standard.

AUDITS OF AGENT ACTIVITIES

The company has a Corporate Auditing Department, which follows standard audit practices and procedures. This department focuses on multiple areas and is responsible for market conduct activities. The examiner was told that auditing analysis regarding agent solicitation activity focuses on:

- The type of sales material used by agents during the sales process.

- An assessment of whether only company approved sales materials(e.g., illustrations, advertisements, newsletters, brochures, worksheets, letters and any other type of documented material or software used for client solicitation) are used during the sales process.
- How agents gather financial and personal information from clients.
- How agents analyze and recommend specific products based on client needs.
- An assessment of agents' awareness of company business practices and state insurance department regulations;
- An assessment of compliance with company guidelines regarding agent-produced sales materials.

Two Corporate Auditing reports dated December 31, 1992 and August 22, 1994 were reviewed. These audits focused primarily on financial impacts, operating functions, and accounting procedures. The company indicated they did perform audits and training in 1996, and 1999 that relate directly to sales and replacement practices.

-

STANDARD (4)

Company conducts regular audits of agent activities through regular branch or agency office audits and visits.

RESULTS: The company does meet this standard.

AGENT CONTRACTS AND COMMISSION SCHEDULES

The company has six (6) types of agent contracts. These contract types are General Insurance Agency Contract, Career Contract, Career Corporate Contract, Management Sales Agreement Contract, Single Case Agreement Contract, and Agent Emeritus Contract. The contracts were reviewed as part of the examination and were found to contain typical agent contract language outlining the agent's scope of authority to act on behalf of the Company and commission schedules for business written.

Neither the agent's contracts nor their commission schedules contain deceptive language or incentives that would encourage internal replacements. The Company has clearly defined commission rules regarding replacements. A replacement is any sale in which a MassMutual or subsidiary company's insurance policy or rider covering the same insured is terminated, partially surrendered, lapsed to reduced paid up, or lapsed to extended term

insurance within the six (6) months preceding, or during the twelve (12) months following, the application to MassMutual or a subsidiary company for a new insurance policy or rider or a face amount increase on an existing policy. Commissions on policies that have been determined by the Company to be replacements will be payable according to Company rules. If the Company determines after issue that a policy replaced an existing policy, the agent is required to repay the commission.

-

STANDARD (6)

Agent contracts and commission schedules contain language that does not encourage internal replacements.

RESULTS: The company does meet this standard.

COMPLAINT HANDLING PROCEDURES

The Company has complaint handling procedures and a company complaint log. The Customer Relations Department of the Individual Line Compliance Division has overall responsibility for ensuring that all customer and regulator complaints are properly recorded and resolved. The company gives this area a high priority and ensures that each complaint is handled in an expeditious manner.

According to the Company's complaint-handling procedures approximately 60% of all written complaints are retained and resolved by the Customer Relations staff. The remaining 40% are referred to the appropriate function or line of business for response and resolution. The complaint files include the initial complaint and communications through final resolution. Formal complaints are received in the Customer Relations Department. The company identifies these complaints as:

- Threat of legal action; allegations of fraud; allegations of misrepresentation.
- Any and all correspondence from an Insurance Commissioner's Office or any other regulatory agency (i.e. State Attorney General).
- Letter from a client or his representative in which an Insurance Commissioner's Office was copied and letter sent to a member of senior management complaining about delays, errors, or failure to respond.

The Company uses a Complaint Control form for tracking and monitoring purposes. The form contains the following information: ID (System tracking number), State, Ins Dept.,

LOB (Line of Business), SUB (subsidiary), Customer, Policy Number, Complaint, Problem, Resolution, Registered To, (the department assigned to respond). Answered By, Time (total number of days from registered date to date completed), Registered, (date the complaint is received), Follow Up and Date completed. The form also requires that all paperwork be attached to the Complaint Control Form and returned to the Customer Relations Department for review.

A total of 42 Complaint files were reviewed. All complaints were handled in a timely manner. There was no evidence of unfair treatment of policyholders or claimants, or any pattern of activity indicative of an unfair trade practice.

The Assistant Vice President of the Customer Relations Department of the Individual Line Compliance Division has overall responsibility for reviewing, monitoring, and follow through on all complaints prior to closing the file. The complaint log is circulated on a monthly basis to all members of management. The data is reviewed for pending items, completion dates, and follow up on referrals. The data is also used to detect patterns of agent and product complaints. The Assistant Vice President works closely with the Legal department, which in turn monitors fairness, and follow through regarding agent training, product trends, and agent terminations.

STANDARD (7)

The company has and follows written complaint handling procedures.

RESULTS: The company does meet this standard.

-

STANDARD (8)

The company monitors complaint records for trends, and has a formal procedure for reporting trends to management.

RESULTS: The company does meet this standard.

-

STANDARD (9)

Company responds to the Office of the Insurance Commissioner complaints within 15 business days and shows good faith in resolving complaint within 15 business days, as required by WAC 284-30-650.

RESULTS: The company does meet this standard.

DISCIPLINARY PROCEDURES

General agents supervise agents in the state of Washington. Agents are independent contractors contracted directly with the General Agents. General agents are supervised by MassMutual's Western Regional Office, which reports directly to the Senior Vice President in charge of the Agency System Group in the Home Office.

MassMutual has an official disciplinary review panel known as The Field Practices Committee (formerly known as the Agent Problem Committee). This group of senior officers and managers are charged with reviewing allegations of misconduct against MassMutual career agents, general agents, and brokers. In coordination with senior management and with the assistance of the Field Investigations unit of the Law Division and Corporate Auditing, the committee investigates the allegations, renders a decision concerning the validity and accuracy of the allegation, and if necessary determines the appropriate discipline. Sanctions range from a verbal warning or a written reprimand to the termination of an individual's career or broker contract. If warranted the committee may direct notification of appropriate regulatory or law enforcement agencies.

During the exam period five (5) agent disciplinary actions were conducted. The results were documented as four (4) terminations for cause and one (1) reprimand.

-

STANDARD (10)

The company has and follows written procedures for disciplining agents and that actions are documented.

RESULTS: The company does meet this standard.

IN FORCE POLICY REVIEW

In order to determine compliance with Washington Replacement Regulations (WAC 284-23-400 through WAC 284-23-485) a review of inforce policy records was done as part of the examination. There were two primary objectives to this section of the examination:

1. Review records to determine the extent of replacement activity, both internal and external, associated with a policy issued during the examination period.
2. Review records to determine the extent of existing policies financing new policies issued during the examination period. This financing could be accomplished through policy loans on existing policies, surrender of existing policies, exercising other non-forfeiture options on existing policies or partial surrenders of existing policies.

To accomplish this review, the examiner requested that the Company provide a database of files broken down into the following categories:

- Policies issued in the State of Washington during the examination period.
- Policies issued during the exam period where there was an existing policy at the start of the examination.
- Policies issued during the exam period where existing policies have loans against them.
- Policies issued during the examination period that had an existing policy surrendered during the exam period.
- Policies issued during the examination period where the dividends from the existing policy were used to pay premiums on the new policy.
- Policies issued during the examination period where paid up additions were surrendered on the existing policy.
- Policies issued during the examination period where a Non-Forfeiture Option (NFO) was exercised on the existing policy.

There were 11,098 policies issued in Washington during the examination period of January 1, 1992 through December 31, 1996.

Policies Issued in the State of Washington during the Examination Period

Population	Sample Size	Number of Exceptions	Percentage to Sample
11,098	56	2	3.6%

From a population of 11,098 policy files, a sample of fifty-six (56) files were reviewed. The sample yielded two (2) exceptions. One (1) file determined to be an internal

replacement lacked documentation of replacement forms. One (1) file lacked documentation of the producer's appointment. *See Appendix (1), (3).*

New Policies with Policy Loans on Existing Policies

Population	Sample Size	Number of Exceptions	Percentage to Sample
25	25	3	12%

From a population of 25 policy files, all twenty-five (25) files were reviewed. The review yielded three (3) exceptions. Two (2) files determined to be internal replacements lacked documentation of replacement forms. One (1) file lacked documentation of producer's appointment. *See Appendix (1), (3).*

New Policies with Surrender of Existing Policies

Population	Sample Size	Number of Exceptions	Percentage to Sample
42	42	17	40%

From a population of 42 policy files, all forty-two (42) files were reviewed. The review yielded seventeen (17) exceptions. Seventeen (17) files determined to be internal replacements lacked documentation of replacement forms. *See Appendix (1).*

Dividends From Existing Policy Used To Pay Premium On New Policy

Population	Sample Size	Number of Exceptions	Percentage to Sample
25	25	1	4%

From a population of 25 policy files, all twenty-five (25) files were reviewed. The review yielded one (1) exception. One (1) file determined to be an internal replacement lacked documentation of replacement forms. *See Appendix (1).*

Non-Forfeiture Option Exercised on Existing Policy

Population	Sample Size	Number of Exceptions	Percentage to Sample
-------------------	--------------------	-----------------------------	-----------------------------

16	16	2	12.5%
----	----	---	-------

From a population of 16 files, all sixteen (16) files were reviewed. The review yielded two (2) exceptions. Two (2) files determined to be internal replacements lacked documentation of replacement forms. *See Appendix (1).*

THE REPLACEMENT PROCESS

Both internal and external replacement applications are processed by the Replacement Unit immediately after the file is assembled and before the Risk Analyst's initial review.

The Replacement Unit is responsible for ensuring that the transaction meets regulatory replacement requirements, that the required forms have been accurately completed and notification (and copies of forms) are provided to the replaced insurer within 3 to 5 days, as specified by applicable regulations.

External replacements are handled by the Case Analyst. Once all the necessary papers have been received, Mass Mutual prepares a letter to the other company along with a policy illustration if necessary, notifying them of the impending replacement within three (3) days.

Internal replacements are handled in the following manner:

1. Review the application and the agent statement to determine replacement.
2. Always check (PCR) Previous Company Record for any recent lapses, surrenders, terminations etc. that have occurred within 6 months of signing Part 1 of the application.
3. Check Paid-To-Date to determine if it has actually been 6 months.

Once the aforementioned has been clearly identified as a replacement, a commission adjustment is calculated and processed.

Inaccurately completed forms are returned to the agent with instructions for proper completion. All corrected forms are required to contain the initials and current date by the client prior to the return for processing.

The Company has established a procedure that checks whether other policies were lapsed or surrendered within certain time periods before and after the issuance of a new policy. This 'Quality Business System' (their term for the process) would notify the agent when

a possible inadmissible replacement was discovered. The practice of the company is to notify the agent that unless the agent could provide an explanation of why the transaction was not a replacement, then commissions would be adjusted and reduced to the level as if there was an admitted replacement.

The Company's expectation was that once the agent was notified of the Company's presumption that replacement requirements were triggered, the agent would honor his/her responsibility to provide the proper disclosures to the client if the sale was a replacement.

There were 25 files that did not contain completed replacement forms at the time of application and therefore, did not meet the requirements of WAC 284-23-400 through WAC 284-23-485. A list of these policies appears in *Appendix (1)*.

During the examination period, there were 11,098 policies issued. Of these, there were 218 (admitted) internal replacement and 987 external replacements. This represents 10% of the total policies issued during the examination period. Based upon the number of policies written, a review of nine (9) producers with high volumes of internal and external replacements was conducted. The table below illustrates the percentage of policies replaced during the examination period. Based on a 60-month period, no producer exceeded the standard of greater than one (1) per month, combined internal and external replacements. However, the percentage of policies replaced in comparison to the number of policies written supports the need for periodic auditing.

AGENT NAME	POLICIES WRITTEN	POLICIES REPLACED	PERCENTAGE TO SAMPLE
CAREY	758	58	8%
MASON	273	44	16%
YOUNG	348	42	12%
BEAN	158	46	29%
LARIMER	200	32	16%
COPE	76	35	46%
RICHARDS	280	25	9%
CHESTNUT	62	33	53%

WILLIAMS	252	27	11%
----------	-----	----	-----

The examiner asked the company if they had concerns with such replacement activity. The response was, "*affirmative*." The Company stated that they discourage replacement through compensation disincentives. They also check company records through the use of the 'Quality Business System' to determine whether previous policies were in effect for a client. Those checks bring to light an agent moving policies in and out of the Company at regular intervals. The Company indicated they are implementing new tracking systems to provide additional data tracking abilities.

-

STANDARD (11)

Replacement procedures are in writing and are consistent with the Washington replacement regulations, WAC 284-23-400 THROUGH WAC 284-23-499.

RESULTS: The company does meet this standard.

STANDARD (12)

Number of replacements for any one agent in any calendar year should not be significant (>1 per month, combined internal and external replacements).

RESULTS: The company does meet this standard.

STANDARD (13)

The company has identified patterns of replacement by individual agents such as moving policies in and out of the company at regular intervals, replacement of large blocks of business, moving funds from one policy to another.

RESULTS: The company does meet this standard.

ADVERTISING MATERIAL

The Company's advertising file was reviewed in accordance with WAC 284-33-090. The company provided randomly selected samples from their advertising catalog file for review and based upon examination of those documents it appears that the advertising

files contained copies of all advertising materials as statutorily defined, including copies of agent created advertising material.

Numerous illustrations were run and reviewed relative to RCW 48.23A. No two tiered nor bonus interests tied to keeping the policy in force situations were discovered. There were adequate disclaimers relative to projected or illustrative values and the guaranteed versus projected values were adequately identified to be compliant. Various attempts were made to input interest rates different from those available on the pull down menus. Modifications of text were also attempted and all attempts were unsuccessful.

During the exam period, the company did not require a copy of the illustration be submitted with the application. They did require the illustration be submitted effective January 1997 for all states that have adopted the NAIC Model Regulation.

STANDARD (14)

The advertising file contains copies of all advertising materials as statutorily defined; including copies of agent created advertising material.

CODE: WAC 284-23-020 and WAC 284-23-090

RESULTS: The company does meet this standard.

STANDARD (15)

Advertising materials comply with Washington advertising regulations.

CODE: WAC 284-23-010 THROUGH WAC 284-23-080

RESULTS: The company does meet this standard.

AGENT LICENSING AND APPOINTMENTS

The company's written licensing and appointment procedures were reviewed as part of this examination and were unremarkable. A review of the license and appointment status of agents soliciting the 11,098 policies written during the examination was performed. Agent appointments were compared against policy issue dates to determine if the agent was licensed and properly appointed prior to soliciting business.

It was determined that fifty-eight (58) agents were not properly licensed at the time they solicited seventy-nine (79) Washington policies. Five (5) agents were not appointed with the company at the time of solicitation of fourteen (14) Washington policies.

Appendix (2) contains a list of agents not licensed with the State of Washington.
Appendix (3) contains a list of agents not appointed with MassMutual at the time the application was taken.

Population	Sample Size	Number of Exceptions	Percentage to Sample
11,098	11,098	63 agents / 93 policies	0% Tolerance

The examination also discovered (7) policy applications which contained alterations such as, crossed out information and liquid paper alterations in the original application that were not initialed by the applicant, nor amended prior to the issuance of the policy. These alterations are a direct violation to RCW 48.18.070. A list of these policies appears in *Appendix (4)*.

STANDARD (16)

Agents representing the company have been licensed and appointed prior to soliciting applications on behalf of the company according to RCW 48.17.010, and RCW 48.17.060.

RESULTS: The Company does not meet this standard.

INSTRUCTIONS

1. The company is instructed to obtain a copy of the notice required by WAC 284-23-455 (2)(a) from the agent for every replacement and retain it in their files. (*See appendix 1*).
2. The company is instructed to review each application for accuracy and completion of each question pertaining to replacement in accordance with WAC 284-23-440. (*See appendix 1*).
3. The company is instructed to require a statement signed by the agent or broker as to whether he or she knows replacement is or may be involved in a transaction. The company is instructed to obtain a proper statement for each application as required by WAC 284-23-455(1). (*See appendix 1*).
4. The company is instructed to comply with RCW 48.17.160(1)(2) and ensure that all agents and brokers are properly licensed and appointed in the state prior to soliciting on behalf of the Company. (*See appendix 2 and appendix 3*).
5. The company is instructed to immediately refrain from accepting any altered application without first obtaining an appropriate amendment signed by the applicant, as required by RCW 48.18.070. (*See appendix 4*).

RECOMMENDATIONS

It is recommended that company personal and producers receive additional training regarding:

- Which cases require replacement forms,
- The importance of completion in all applicable sections of the replacement forms.

It is recommended that the company instruct producers to refrain from making any changes in the application regarding any material aspect of an application without the applicant's permission or signature.

It is recommended that the company implement a procedure to ensure that all unacknowledged internal replacements later recognized by the company's commission system comply with replaced policy disclosure and notification requirements.

APPENDIX (1)

INCOMPLETE REPLACEMENT REQUIREMENTS

VIOLATION OF WAC-284-23-440

OLD POLICY NUMBER	NEW POLICY NUMBER	NAME OF AGENT
8922518	7498395	EKBLADE
8939063	6639406	SMITH
8939063	7047799	SMITH
8939063	7350154	SMITH
8939063	7372896	SMITH
8939063	7526867	SMITH
8939063	6294553	SMITH
8939065	6107546	SMITH
8939065	6490282	SMITH
8939065	6850569	SMITH
8939065	6850576	SMITH

8939065	7069468	SMITH
8939065	7208937	SMITH
8939065	7350084	SMITH
9723279	7325849	SMITH
9729532	8710368	ZEFKELES
9729473	8712682	ZEFKELES
8932314	5952977	WILLIAMS,JR
8932042	6472140	WILLIAMS, JR
9854404	5047258	ZEFKELES
9888388	8557797	MANZO
	8920410	BEDEN
	9763222	BENJAMIN
	8954977	TONNING
	9878415	WEBSTER

APPENDIX (2)

AGENTS NOT LICENSED IN WASHINGTON

VIOLATION OF RCW 48.17.060(1)(2)

POLICY NUMBER	DATE OF ISSUE	AGENT
8417577	1/28/92	ACKER
9608680	3/1/94	ADDEO
9632292	11/6/94	BAZ-DRESCH
9776154	10/15/94	BAZ-DRESCH
8920410	12/19/92	BEDEN
8920421	12/19/92	BEDEN
9763222	12/27/94	BENJAMIN
9825172	8/16/95	BRYER
9777871	12/1/94	CAMPBELL
9778440	10/19/94	CAMPBELL
8846475	12/17/92	CARVER
9870713	6/23/96	CARVER

9820229	7/3/95	CAVES
9722965	1/17/94	CHARLTON
9738479	3/24/94	CHARLTON
9900572	12/11/96	COHEN
9900621	12/9/96	COHEN
8830061	8/28/92	DART
8471660	62493	EISENHART 50% JEWELL 50%
9735343	3/16/94	FELLMAN
8987990	9/1/93	GALLOWAY
8988650	10/26/93	GALLOWAY
9608722	9/19/94	GELLMAN
9649346	7/26/95	GRODIN
8940588	4/19/93	GROOMS
8811391	7/20/92	HAESSLER
8985411	12/20/93	HENDERSON
8985425	12/20/93	HENDERSON
8985435	12/1/93	HENDERSON
8895953	9/14/92	HERRMANN
9602649	12/7/93	HERWICK
8937148	4/21/93	HOFFMAN
9820250	7/3/95	HOLMAN
8964651	7/2/93	HOWARD
8967537	9/1/93	HOWARD
9808302	8/10/95	HUNTER
8874161	4/9/92	KOEHLER
9875275	6/1/96	KRYTZER
9776786	10/19/94	LERNER
8887940	8/27/92	MAYS
8897503	1/5/93	MEEM
9902394	11/25/96	MILLNITZ
8878322	4/21/92	MONTGOMERY
8908945	1/15/93	MOORE
8811863	5/14/92	MORRISON
8775831	1/5/92	MURPHY

9624439	9/1/94	NELSON
8898662	9/26/92	NICHOLS
8910356	12/14/92	OSBORNE
8859611	6/2/93	OWENS
9891529	10/21/96	PAGE
8895262	8/28/92	PANTOZZI
9984814	3/15/95	ROTHERMICH
8434029	7/15/92	SCHLAEPFER
8797615	3/16/92	SEHATI
8797658	3/16/92	SEHATI
8797673	3/16/92	SEHATI
8797677	3/16/92	SEHATI
8932740	3/1/93	SEO
8492659	2/09/94	STREETER
9872723	5/14/96	TAYLOR
8906032	10/18/92	TISHBERG
8954977	6/14/93	TONNING, R.F.
9638115	2/20/95	UTTER
9634319	12/6/94	VOGELZANG
9634320	2/6/95	VOGELZANG
9789550	1/10/95	VOGELZANG
8940929	3/24/93	WEBSTER
9878415	6/18/96	WEBSTER
8831819	9/13/92	WELCH
8831840	11/25/92	WELCH
8831846	11/25/92	WELCH
8933049	4/28/93	WELCH
9749876	6/6/94	WELCH
9758295	8/19/94	WELCH
9758314	8/19/94	WELCH
9608242	2/28/94	WELDON
8959500	9/15/93	WHITE
8964237	4/17/93	WILEY

APPENDIX (3)

AGENTS LICENSED BUT NOT APPOINTED

VIOLATION OF RCW 48.17.160

POLICY NUMBER	ISSUE DATE	NAME OF AGENT
9699947	12/04/96	STAHL, JR.
9711905	9/20/96	STAHL, JR.
9945753	6/11/96	STAHL, JR.
9900727	12/17/96	STAHL, JR.
9901691	11/13/96	STAHL, JR.
9901699	11/28/96	STAHL, JR.
8772893	2/7/92	BIGGS
8812761	7/10/92	BIGGS
9734922	3/15/94	BIGGS
9755234	6/1/94	FOLLETT
9758629	7/1/94	FOLLETT
9758637	7/1/94	FOLLETT
9872723	5/14/96	TAYLOR, JR.
9745883	5/4/94	GREEN

APPENDIX 4

ALTERED APPLICATION

VIOLATION OF RCW 48.18.070

POLICY NUMBER	DATE OF ISSUE	NAME OF AGENT
8471660	6/24/93	EISENHART 50% JEWELL 50%
8920410	12/19/92	BEDEN
9632292	11/6/94	BAZ-DRESCH
8897503	1/5/93	MEEM
9902394	11/25/96	MILLNITZ
9720061	1/1/94	MC CASLIN
8910356	12/14/92	OSBORNE